



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA

(PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)

TELEPHONE (916)327-4975

FAX (916)324-2586

JOHAN KLEHS
First District, Hayward

DEAN F ANDAL
Second District, Stockton

ERNEST J. DRONENBURG, JR.
Third District, San Diego

BRAD SHERMAN
Fourth District, Los Angeles

KATHLEEN CONNELL
Controller, Sacramento

E. L. SORESENSEN, JR.
Executive Director

December 19, 1996

TO COUNTY ASSESSORS,
COUNTY COUNSELS,
ASSESSMENT APPEALS BOARDS,
AND OTHER INTERESTED PARTIES:

No. 96/81

**NOTICE OF PROPOSED REGULATORY ACTION
BY THE
STATE BOARD OF EQUALIZATION**

**PROPERTY TAX RULE 370
RANDOM SELECTION OF COUNTIES FOR REPRESENTATIVE SAMPLING**

PUBLIC HEARING: TUESDAY, FEBRUARY 4, 1997 AT 1:30 P.M.

NOTICE IS HEREBY GIVEN:

The State Board of Equalization, pursuant to the authority vested in the Board by Section 15606(c) of the Government Code proposes to adopt Regulation 370, Random Selection of Counties for Representative Sampling, in Title 18, Division 1 of the California Code of Regulations. A public hearing relevant to this action will be held in Room 121, 450 N Street, Sacramento, at 1:30 p.m., or as soon thereafter as the matter may be heard on, Tuesday, February 4, 1997. Any person interested may present statements or arguments orally at that time and place. Written statements or arguments will be considered by the Board if received by February 4, 1997.

INFORMATIVE DIGEST/PLAIN ENGLISH OVERVIEW

The State Board of Equalization proposes to adopt Property Tax Rule 370 (18 California Code of Regulations, §370), Random Selection of Counties for Representative Sampling, to interpret and implement legislative changes to the agency's responsibility for measuring overall assessment levels in the counties and cities and counties throughout the state.

Under existing law, the Board conducts periodic surveys of county assessment practices, surveying each county at least once every five years. Each survey must include a representative sampling of assessments from the local assessment roll, and the results of the sampling determine whether a county will be certified by the Board as eligible to retain a portion of the revenues collected from supplemental assessments.

S.B. 1827, effective January 1, 1997, changes the eligibility certification by eliminating, except for the ten largest counties or cities and counties, the requirement of a representative sampling of each local assessment roll. Instead, the bill allows the Board to continue to certify as eligible any of the remaining counties, as long as no "significant assessment problems" are found by the survey. Where such problems are found, the Board must conduct a representative sampling to determine the county's

eligibility. Under S.B. 1827, the Board is required to conduct representative samplings of assessments in the ten largest counties and cities and counties, and annually conduct such sampling in not less than one other county or city and county selected at random from the remaining counties or cities and counties. Proposed Rule 370 provides procedures for the annual random selection of counties for a representative sampling of their assessments.

The express terms of the proposed action, written in plain English, are available from the agency contact person named in this notice.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that Rule 370 does not impose a mandate on local agencies or school districts. Further, the Board has determined that the proposed rule will result in no additional direct or indirect costs or savings to any State Agency, any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code, and that there are no other nondiscretionary costs or savings imposed on local agencies, or cost or savings in Federal funding to the State of California.

EFFECT ON BUSINESS

Pursuant to Government Code Section 11346.53(c), the Board of Equalization finds that the adoption of Rule 370 will have no significant adverse economic impact on business.

The adoption of the proposed rule will not be detrimental to California businesses in competing with businesses in other states.

The rule as proposed will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The proposed rule will not affect small business because procedures for the annual random selection of counties for a representative sampling of their assessments are not a business related program.

ADVERSE ECONOMIC IMPACT ON PRIVATE PERSONS/BUSINESSES

No impact.

FEDERAL REGULATIONS

There are no comparable federal regulations.

PLAIN ENGLISH STATEMENT

Preparation of the proposed rule included consideration of the plain English requirement and technical terms are defined in more simple language.

AUTHORITY

Section 15606, Government Code.

REFERENCE

Revenue and Taxation Code Section 75.60 and Government Code Sections 15640 and 15643.

CONTACT

Questions regarding the content of the regulation should be directed to Ms. Mary Ann Alonzo, Tax Counsel, at P.O. Box 942879, 450 N Street, MIC:82, Sacramento, CA 94279-0082. Telephone: (916) 324-1392 - FAX (916) 323-3387.

Written comments for the Board's consideration or requests to present testimony and bring witnesses to the public hearing should be directed to Ms. Mary Ann Stumpf, Regulations Coordinator, (916) 322-9569, and at P.O. Box 942879, 450 N Street, MIC:80, Sacramento, CA 94279-0080.

ALTERNATIVES CONSIDERED

The Board must determine that no alternative considered would be more effective in carrying out the purpose for which this action is proposed or be as effective and less burdensome to affected private persons than the proposed action.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Board has prepared a statement of reasons and a strike-out and underscore version (express terms) of the proposed regulation.

Both of the documents and all information on which the proposed regulation is based are available to the public upon request. The rulemaking file is available for public inspection at 450 N Street, Sacramento, California. Requests for copies should be addressed to Ms. Mary Ann Stumpf, Regulations Coordinator, (916) 322-9569, at P.O. Box 942879, 450 N Street, MIC:80, Sacramento, CA 94279-0080.

ADDITIONAL COMMENTS

Following the hearing, the State Board of Equalization may adopt the proposed regulation if the text remains substantially the same as described in the text originally made available to the public. The text of any modified regulation will be mailed to those interested parties who commented orally or in writing or who asked to be informed of such changes. The modified regulation will be available to the public from Ms. Stumpf. The Board will consider written comments on the modified regulation until such time as the regulation is adopted.

Date: December 3, 1996

STATE BOARD OF EQUALIZATION



E. L. Sorensen, Jr.
Executive Director

Rule 370. RANDOM SELECTION OF COUNTIES FOR REPRESENTATIVE SAMPLING.

(a) SURVEY CYCLE. The board shall select at random at least three counties from among all except the 10 largest counties and cities and counties for a representative sampling of assessments in accordance with the procedures contained herein. Counties eligible for random selection will be distributed as equally as possible in a five-year rotation commencing with the local assessment roll for the 1997-98 fiscal year

(b) RANDOM SELECTION FOR ASSESSMENT SAMPLING. The three counties selected at random will be drawn from the group of counties scheduled in that year for surveys of assessment practices. The scheduled counties will be ranked according to the size of their local assessment rolls for the year prior to the sampling.

(1) If no county has been selected for an assessment sampling on the basis of significant assessment problems as provided in subdivision (c), the counties eligible in that year for random selection will be divided into three groups (small, medium, and large), such that each county has an equal chance of being selected. One county will be selected at random by the board from each of these groups. The board may randomly select an additional county or counties to be included in any survey cycle year. The selection will be done by lot, with a representative of the California Assessors' Association witnessing the selection process.

(2) If one or more counties are scheduled for an assessment sampling in that year because they were found to have significant assessment problems, the counties eligible for random selection will be divided into the same number of groups as there are counties to be randomly selected, such that each county has an equal chance of being selected. For example, if one county is to be sampled because it was found to have significant assessment problems, only two counties will then be randomly selected and the pool of eligible counties will be divided into two groups. If two counties are to be sampled because they were found to have significant assessment problems, only one county will be randomly selected and all counties eligible in that year for random selection will be pooled into one group.

(3) Once random selection has been made, neither the counties selected for an assessment sampling nor the remaining counties in the group for that fiscal year shall again become eligible for random selection until the next fiscal year in which such counties are scheduled for an assessment practices survey, as determined by the five-year rotation. At that time, both the counties selected and the remaining counties in that group shall again be eligible for random selection.

(c) ASSESSMENT SAMPLING OF COUNTIES WITH SIGNIFICANT ASSESSMENT PROBLEMS. If the board finds during the course of an assessment practices survey that a county has significant assessment problems as defined in Rule 371, the board shall conduct a sampling of assessments in that county in lieu of conducting a sampling in a county selected at random.

(d) ADDITIONAL SURVEYS. This regulation shall not be construed to prohibit the Board from conducting additional surveys, samples, or other investigations of any county assessor's office.

Authority: Government Code Section 15606, subdivision (c)

References: Revenue and Taxation Code Section 75.60, Government Code Sections 15640, 15643(b).

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